

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 INRE-00 SSO-00 NSCE-00

SS-20 NSC-07 SPC-03 STR-08 CIAE-00 INR-10 NSAE-00

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FM AMEMBASSY ROME
TO SECSTATE WASHDC IMMEDIATE 4022
INFO USMISSION EC BRUSSELS IMMEDIATE
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
USMISSION GENEVA
USMISSION OECD PARIS

C O N F I D E N T I A L ROME 4397

E.O. 11652: GDS
TAGS: EAGR, ETRD, GATT, EEC, IT
SUBJECT: GATT ARTICLE XXIV:6 NEGOTIATIONS - CITRUS

STATE PASS STR BRUSSELS FOR AMBASSADOR EBERLE OR LANDE

REF: ROME 4329 (LIMDIS)

1. ECON-COMM MINISTER AND AGATT WERE CALLED IN BY DIRECTOR GENERAL
DI CHIO OF MINISTRY AGRICULTURE MORNING MARCH 29 TO DISCUSS CITRUS
AS ANTICIPATED BY PRIME MINISTER IN HIS MARCH 28 CONVERSATION WITH
AMBASSADOR (RETEL). DI CHIO TOLD US THAT HE WISHED TO DISCUSS
CITRUS PRIOR TO OUR MEETING WITH AGRICULTURE MINISTER BISAGLIA LATER
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IN THE MORNING.

2. THE SESSION WITH DI CHIO WAS DIFFICULT. ONCE AGAIN HE RE-ITERATED HIS FAMILIAR THEME THAT OFFICIALLY HE KNEW NOTHING OF THE SUNKIST PROPOSAL TO ASSIST ITALIAN CITRUS INDUSTRY. AFTER PROTRACTED AND SOMETIMES HEATED DISCUSSION, HIS POSITION APPEARS TO BE AS FOLLOWS: HE, DI CHIO, AND HIS NEW MINISTER WILL BE CALLED UPON TO ASSUME POLITICAL CONSEQUENCES OF ANY FUTURE CONCESSIONS WHICH GOI GRANTS TO US CITRUS. WHILE GRANTING THAT BOTH USG AND SUNKIST ARE ACTING IN GOOD FAITH, DI CHIO FEELS STRONGLY THAT SUNKIST PROPOSAL GIVES NO CONVINCING REPLY TO WAVE OF PROTEST WHICH HE EXPECTS WILL ARISE FROM SICILIAN AND CALABRIAN GROWERS. DI CHIO APPEARED TO CONCUR IN OUR AFFIRMATIONS THAT THE NET ECONOMIC ADVANTAGES ARE IN ITALIAN FAVOR BUT WOULD NOT ADMIT THAT THIS IS A USABLE ARGUMENT FOR DANDLING DOMESTIC PROTESTS.

3. ECMIN, AGATT AND DI CHIO THEN MET WITH NEW AG MIN BISAGLIA (IN MINISTER'S OFFICE IN PARLIAMENT, WHERE HE WAS PRESENT FOR GOVERNMENT MATTERS). ECMIN ONCE AGAIN EXPLAINED TO MINISTER AGRICULTURE CRITICAL NATURE OF SATISFACTORY SOLUTION OF THIS MATTER, GRAVE CONSEQUENCES FAILURE TO REACH AGREEMENT, NECESSITY FOR SPEED, AND OUR CONVICTION THAT PACKAGE IS IN ITALIAN INTEREST. AG MINISTER SUGGESTED THAT TWO STEP PROCEDURE BE ENVISAGED BY WHICH ITALY WOULD CONTINUE TO SHOW FLEXIBILITY ON XXIV:6 BUT WOULD DEFER DECISION ON EVENTUAL SPECIFICS OF CITRUS CONCESSIONS PENDING FURTHER DISCUSSION. ECMIN REPLIED THAT HE HAS STRONG IMPRESSION TIMING WOULD NOT PERMIT THIS PROCEDURE.

4. MINISTER REVIEWED DIFFICULTIES OF ITALIAN AGRICULTURE IN GENERAL AND CITRUS INDUSTRY IN PARTICULAR. HE SAID HE WAS PREPARED TO GIVE AS FAVORABLE AS POSSIBLE INTERPRETATION TO THE SUNKIST OFFER BUT IN ORDER TO FACE POLITICAL CONSEQUENCES OF EXTENDING THE IMPORT SEASON HE WOULD HAVE TO HAVE SPECIFICS AS TO BOTH QUANTITY AND PRICE OF PURCHASES. ECMIN AND AGATT RESISTED THIS APPROACH, POINTING OUT THAT NATURE OF SUNKIST UNDERTAKING MAY NOT PERMIT SUCH QUANTIFICATION SINCE PURCHASES DEPENDED ON STATE OF MARKET, AVAILABILITY SUITABLE FRUIT AND DEMAND CONDITIONS. BISAGLIA PERSISTED THAT SPECIFIC QUANTITATIVE COMMITMENTS ABSOLUTELY NECESSARY FOR HIM BEFORE HE COULD ARRIVE AT A POSITIVE JUDGMENT ON XXIV:6.

5. AGATT IN AFTERNOON MET AGAIN WITH DI CHIO TO CLARIFY FURTHER
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MINISTER'S EXPECTATIONS AND DESIRES ON QUANTITATIVE COMMITMENTS. AFTER EXTENSIVE REVIEW, DI CHIO SAID THAT PROBLEM SHOULD BE SEEN AS EXCLUSIVELY POLITICAL. HE ACKNOWLEDGED DIFFICULTY IN ENGAGING SUNKIST QUANTITATIVELY.

6. DI CHIO CONCLUDED WITH FOLLOWING PROPOSITION: MAY 15 THROUGH OCT 15, WITH POSSIBILITY OF REOPENING NEGOTIATIONS LATER TO ADD APRIL 15-MAY 15, DEPENDENT ON SUNKIST PERFORMANCE. HE SAID HE WAS

SURE HE COULD PERSUADE HIS NEW MINISTER TO ACCEPT.

7. AMBASSADOR IS PREPARED GO BACK ONCE AGAIN TO HIGHEST LEVELS TO TRY TO IMPROVE THIS PROPOSAL. WE ARE CONVINCED THAT SERIOUSNESS OF GOI POLITICAL PROBLEMS REALISTICALLY PRECLUDE OUR OBTAINING MUCH BEYOND DI CHIO'S PROPOSAL. IF STR AND DEPT CONCUR, AMBASSADOR WILL PRESS HARD TOMORROW TO TRY TO EXPAND PERIOD TO MAY 1 WITH UNDERSTANDING THAT FURTHER MONTH WILL BE POSSIBLE, LINKED TO SUNKIST PURCHASING.

8. ON TABACCO, DI CHICO IS CONVINCED THAT POSSIBILITIES INCREASING OUTPUT ARE CRITICALLY LIMITED BY AGRICULTURAL AND LABOR CONSTRAINTS. AMBASSADOR WISHES TO BE ABLE TO CITE SPECIFIC FIGURE, E.G., 50 U.A.

9. ACTION REQUESTED. SEND US GUIDANCE AND INSTRUCTIONS WHICH SPECIFY WHETHER PROPOSAL PARA 7 WOULD BE ACCEPTABLE IF WE CAN ATTAIN IT, AND GUIDANCE ON PARA 8 TOBACCO FIGURE.
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